



## Proposed Regulation Agency Background Document

<b>Agency name</b>	Motor Vehicle Dealer Board
<b>Virginia Administrative Code (VAC) citation</b>	24 VAC 22-20-10 et seq.
<b>Regulation title</b>	Motor Vehicle Dealer Fees
<b>Action title</b>	Adjust Fees
<b>Date this document prepared</b>	

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 21 (2002) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

### Brief summary

*In a short paragraph, please summarize all substantive changes that are being proposed in this regulatory action.*

The proposed regulations adjust some of the fees that motor vehicle dealers and salespersons are assessed by the Board.

### Legal basis

*Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including Code of Virginia citation and General Assembly chapter number(s), if applicable, and (2) promulgating entity, i.e., the agency, board, or person. Describe the legal authority and the extent to which the authority is mandatory or discretionary.*

VA Code Sections 46.2-1511, 46.2-1512, 46.2-1519 and 46.2-1546 authorize the MVDB to set fees within maximum limits. Section 46.2-1506 authorizes the MVDB to promulgate regulations.

**Purpose**

*Please explain the need for the new or amended regulation by (1) detailing the specific reasons why this regulatory action is essential to protect the health, safety, or welfare of citizens, and (2) discussing the goals of the proposal, the environmental benefits, and the problems the proposal is intended to solve.*

Licensing motor vehicle dealers and salespersons is essential to protecting consumers who purchase motor vehicles. Timely licensing of dealers and salespersons contributes to the good health of Virginia’s economy and employment. If fees are not adjusted, the MVDB would not be able to continue to provide an adequate level of service.

**Substance**

*Please briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. (More detail about these changes is requested in the “Detail of changes” section.)*

The proposed regulations adjust the following fees that motor vehicle dealers and salespersons are assessed by the Board.

	Current	Proposed
Dealer-operator Certificate of Qualification	\$25 to take certification test. (Not in regulations.)	\$50 application fee.
Salesperson Certificate of Qualification	\$25 to take certification test. (Not in regulations.)	\$50 application fee.
Salespersons License	\$20	\$25
Dealer license plates	\$20 for the first two plates (Two for \$40.) and \$15 for each additional plate.	\$30 for the first two plates (Two for \$60.) and \$26 for each additional plate.

**Issues**

*Please identify the issues associated with the proposed regulatory action, including:*

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;*
- 2) the primary advantages and disadvantages to the agency or the Commonwealth; and*
- 3) other pertinent matters of interest to the regulated community, government officials, and the public.*

*If the regulatory action poses no disadvantages to the public or the Commonwealth, please so indicate.*

Adjusting the fees will allow the Board to continue to adequately provide essential services to consumers, motor vehicle dealers, consumers and others who use our services

**Requirements more restrictive than federal**

*Please identify and describe any requirement of the proposal which are more restrictive than applicable federal requirements. Include a rationale for the need for the more restrictive requirements. If there are no applicable federal requirements or no requirements that exceed applicable federal requirements, include a statement to that effect.*

There are no related, applicable federal requirements.

**Localities particularly affected**

*Please identify any locality particularly affected by the proposed regulation. Locality particularly affected means any locality which bears any identified disproportionate material impact which would not be experienced by other localities.*

No locality is affected by these regulations.

**Public participation**

*Please include a statement that in addition to any other comments on the proposal, the agency is seeking comments on the costs and benefits of the proposal and the impacts of the regulated community.*

In addition to any other comments, the board/agency is seeking comments on the costs and benefits of the proposal and the potential impacts of this regulatory proposal. Also, the agency/board is seeking information on impacts on small businesses as defined in § 2.2-4007.1 of the Code of Virginia. Information may include 1) projected reporting, recordkeeping and other administrative costs, 2) probable effect of the regulation on affected small businesses, and 3) description of less intrusive or costly alternative methods of achieving the purpose of the regulation.

Anyone wishing to submit written comments may do so by mail, email or fax to Bruce Gould, 2201 West Broad Street, Suite 104, Richmond, VA 23220, 804-367-1100; ext 3002; FAX: 804-367-1053; email [bruce.gould@mvdv.virginia.gov](mailto:bruce.gould@mvdv.virginia.gov). Written comments must include the name and address of the commenter. In order to be considered comments must be received by the last date of the public comment period.

A public hearing will be held and notice of the public hearing may appear on the Virginia Regulatory Town Hall website ([www.townhall.virginia.gov](http://www.townhall.virginia.gov)) and can be found in the Calendar of Events section of the Virginia Register of Regulations. Both oral and written comments may be submitted at that time.

**Economic impact**

*Please identify the anticipated economic impact of the proposed regulation.*

<b>Projected cost to the state to implement and enforce the proposed regulation, including</b>	No additional expenditures
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<b>(a) fund source / fund detail, and (b) a delineation of one-time versus on-going expenditures</b>	
<b>Projected cost of the regulation on localities</b>	No cost to localities.
<b>Description of the individuals, businesses or other entities likely to be affected by the regulation</b>	Motor vehicle dealers, salespersons and applicants for dealer-operator and salesperson certificate of qualification.
<b>Agency’s best estimate of the number of such entities that will be affected. Please include an estimate of the number of small businesses affected.</b> Small business means a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.	There are approximately 3,850 motor vehicle dealers in Virginia. It is anticipated that nearly all of these dealers will be affected
<b>All projected costs of the regulation for affected individuals, businesses, or other entities. Please be specific. Be sure to include the projected reporting, recordkeeping, and other administrative costs required for compliance by small businesses.</b>	We believe that most dealers pay the salespersons licensing fees and the certificate of qualification fees are paid by the individual applicants. Given this belief, the average increase to motor vehicle dealers would \$119 per year. The smaller the business, the less increase that dealer will experience. For instance, a dealer with one salesperson and two dealer license plates would see an increase of \$25 per year

**Alternatives**

*Please describe any viable alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action. Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in §2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulation.*

The Code sets maximum fees that the MVDB may assess. An inquiry was made to the Office of the Attorney General, asking if the Board could vote to realign fees within the statutory limit rather than promulgating regulations. An informal response from the Office of the Attorney General indicated that the agency must promulgate regulations.

**Regulatory flexibility analysis**

*Please describe the agency’s analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will accomplish the objectives of applicable law while minimizing the adverse impact on small business. Alternative regulatory methods include, at a minimum: 1) the establishment of less stringent compliance or reporting requirements; 2) the establishment of less stringent schedules or deadlines for compliance or reporting requirements; 3) the consolidation or simplification of compliance or reporting requirements; 4) the establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the proposed regulation.*

The proposed amendments to these existing regulations adjust the fees that are assessed by the Board. No other rule or regulation are included that meets the criteria for further analysis.

**Public comment**

*Please summarize all comments received during public comment period following the publication of the NOIRA, and provide the agency response.*

<b>Commenter</b>	<b>Comment</b>	<b>Agency response</b>
Virginia Independent Automobile Dealers Association (VIADA)	“The proposed fee adjustments have been reviewed and deemed reasonable.”	The VIADA is a trade association (and lobbyist) representing independent (used) dealerships. 84% of the licensed dealers in the Commonwealth are independent dealers. Nearly all of these dealers would be considered a “small business.”

**Family impact**

*Please assess the impact of the proposed regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one’s spouse, and one’s children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.*

The proposal does not impact families.

**Detail of changes**

*Please detail all changes that are being proposed and the consequences of the proposed changes. Detail all new provisions and/or all changes to existing sections.*

*If the proposed regulation is intended to replace an emergency regulation, please list separately (1) all changes between the pre-emergency regulation and the proposed regulation, and (2) only changes made since the publication of the emergency regulation.*

For changes to existing regulations, use this chart:

<b>Current section number</b>	<b>Proposed new section number, if applicable</b>	<b>Current requirement</b>	<b>Proposed change and rationale</b>
24VAC22-20-10.		Definitions section.	Technical changes to definitions in order to make them consistent with recent Code

<p>24VAC22-20-20.</p>		<ul style="list-style-type: none"> <li>• Yearly fee for a salesperson license is \$20.</li> <li>• Yearly fee for the first two dealer license pates are \$20 each.</li> <li>• Yearly fee for third and subsequent dealer license plates are \$15 each</li> <li>• The current fee to take a dealer-operator or salespersons test is \$25.</li> </ul>	<p>changes.</p> <ul style="list-style-type: none"> <li>• Salesperson’s license fee would be increased by \$5 per year to \$25. Maximum fee allowed by law is \$50. The proposed modest fee increase is needed in order to continue to fully fund the Board’s operations.</li> <li>• The fee for the dealers’ first two license plates would be increased by \$10 each to \$30. Maximum fee allowed by law is \$30. The proposed modest fee increase is needed in order to continue to fully fund the Board’s operations.</li> <li>• The fee for the dealer’s third and subsequent license plates would be increased by \$11 each to \$26. Maximum fee allowed by law is \$30. A license plate fee of \$26 per year is reasonable, especially compared to the license plate (registration) fee paid by the general public</li> <li>• Currently, a \$25 test fee is paid prior to an applicant taking a dealer-operator or salesperson qualification test. The proposal would establish a \$50 application fee that must be paid prior to taking the certification test. Maximum fee allowed by law is \$50. It is believed that this is a reasonable fee to apply for a professional certification that is valid as long as the individual does not go more than one year without being licensed</li> </ul>
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